

PUBLIC DISCLOSURE

February 21, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Union Bank Company
Certificate Number: 12969

101 Progressive Dr.
Columbus Grove, Ohio 45830

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities. The Union Bank Company's (Union) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development (CD) Test supports the overall rating. The following points summarize the institution's performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the AA credit needs.
- A majority of loans are in the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution demonstrates adequate responsiveness to the CD needs in its AAs through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities for CD in the AAs.

Discriminatory or Other Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institutions overall CRA rating.

DESCRIPTION OF INSTITUTION

Union is a community bank headquartered in Columbus Grove, Ohio, and is a wholly owned subsidiary of United Bancshares, Inc., a one-bank holding company also located in Columbus Grove, Ohio. The bank operates throughout northwest and central Ohio in Allen, Delaware, Fairfield, Franklin, Hancock, Hocking, Huron, Licking, Madison, Marion, Morrow, Paulding, Perry, Pickaway, Putnam, Sandusky, Union, Van Wert, and Wood counties. Union received a Satisfactory rating at its previous FDIC CRA Performance Evaluation, also based on the Interagency Intermediate Small Institution Examination Procedures, dated March 2, 2020.

Operations

Union operates 18 full-service branches, one deposit-taking Interactive Teller Machines (ITM) location, one deposit-taking Automated Teller Machine (ATM) location, two Loan Production Offices (LPO), and one limited hour/service location at a senior center, within its AA. Union also operates one LPO in Kenton County, Kentucky, which is outside of the AA. Since the previous evaluation, Union closed a detached, drive-up location in Columbus Grove and relocated it to the main office. Within the Ohio Non-Metropolitan Statistical Area (MSA) AA, the bank opened a new branch in Paulding County and placed a deposit-taking ATM at the LPO in Huron County.

Union offers a range of banking products and services, including deposit and lending products. Deposit products include consumer and business checking, savings, certificates of deposit, and individual retirement accounts. Alternative delivery systems for retail banking services include ATMs, an ITM, mobile and online banking, electric bill pay, and external bank-to-bank transfers. Union's primary business and lending focus is owner-occupied single-family residential real estate loans and commercial loans; however, the bank also offers multi-family, farm and agricultural, and consumer loans. Union also offers Small Business Administration (SBA) loans to their commercial customers. In addition to portfolio originations, Union facilitates the origination of home mortgage loans on the secondary market and participates in special loan programs through Veterans Affairs and the Federal Housing Administration.

On March 27, 2020, lawmakers signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and authorized the SBA to guarantee \$349.0 billion in loans under a new Paycheck Protection Program (PPP). The intent of the CARES Act was for the SBA to provide relief to America's small businesses expeditiously by giving all lenders delegated authority and streamlining the requirements of the 7(a) loan program. In addition, the PPP and HealthCare Enhancement Act became law on April 24, 2020, and authorized an additional \$310.0 billion for guarantees of PPP loans. In 2021, the bank originated 1039 PPP loans totaling \$44.2 million. The Lending Test includes 563 PPP loans totaling \$23.4 million. The bank originated a large portion of the PPP loans outside of its AAs, and the bank has chosen to include a portion of the PPP loans under the CD Test. The bank's PPP lending demonstrates the bank's willingness to meet the credit needs of its community by moving quickly to provide small businesses relief during the COVID-19 pandemic.

Ability and Capacity

As reported in the December 31, 2022, Consolidated Reports of Condition and Income (Call Report), bank assets totaled approximately \$1.1 billion, loans totaled \$687.5 million, deposits

totaled \$954.3 million, and securities totaled \$278.7 million. The following table provides a breakdown of the bank's loan portfolio.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	95,969	14.0
Secured by Farmland	54,006	7.9
Secured by 1-4 Family Residential Properties	200,012	29.1
Secured by Multifamily (5 or more) Residential Properties	72,104	10.5
Secured by Nonfarm Nonresidential Properties	178,437	25.9
Total Real Estate Loans	600,528	87.4
Commercial and Industrial Loans	64,140	9.3
Agricultural Production and Other Loans to Farmers	10,900	1.6
Consumer Loans	5,504	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	6,472	0.9
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	687,544	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of the AAs.

DESCRIPTION OF THE COMBINED ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. Union designated four separate AAs in the following MSAs: the Columbus, OH MSA (Columbus MSA), the Ohio Non-MSA, the Lima, OH MSA (Lima MSA), and the Toledo, OH MSA (Toledo MSA).

The Columbus MSA AA consists of the entirety of Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Morrow, Perry, Pickaway, and Union counties. The Lima MSA AA consists of the entirety of Allen County. The Toledo MSA AA consists of ten census tracts in Wood County. The Non-MSA AA includes the entirety of Hancock, Marion, Paulding, and Putnam counties, one census tract in each of Sandusky and Van Wert counties, and two census tracts in Huron County.

Examiners relied upon 2015 American Community Survey (ACS) data to evaluate bank performance in 2020 and 2021. For years 2022 and later, the Federal Financial Institutions Examination Council (FFIEC) released 2020 U.S. Census data to evaluate performance.

Based on 2015 ACS data, the bank's combined AAs consists of 522 census tracts with the following income designations: 74 low-income, 123 moderate-income, 176 middle-income, 143 upper-income, and 6 tracts with no income designation. Based on the 2020 U.S. Census data, the bank's combined AAs consists of 611 census tracts with the following income designations: 69 low-

income, 143 moderate-income, 220 middle-income, 168 upper-income, and 11 tracts with no income designation. Subsequent sections of this evaluation will discuss demographic and economic information for each AA. Additionally, the following table details the weighting of each AA when considering the volume of loans, deposits, and branches during the evaluation period.

The bank's AA designations are in conformance with CRA requirements, as they consist of whole, contiguous census tracts and do not arbitrarily exclude LMI census tracts. Examiners performed full-scope reviews of the Columbus MSA, Ohio Non-MSA, and Lima MSA, and performed a limited-scope review of the Toledo MSA.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	#	%	\$(000s)	%	#	%
Columbus MSA	1699	47.6	145,253	14.5	3	15.8
Ohio Non-MSA	1036	29.0	496,601	49.6	9	47.4
Lima MSA	711	19.9	257,148	25.7	4	21.0
Toledo MSA	127	3.5	101,773	10.2	3	15.8
Total	3,573	100.0	1,000,775	100.0	19	100.0

Source: Bank Data; FDIC Summary of Deposits (June 30, 2022)

Union's performance in the Columbus MSA AA carried the most weight when drawing conclusions as it contains the largest portion of the bank's loans during the evaluation period. In addition, the Columbus MSA AA experienced increased lending activity since the previous evaluation, and according to a community contact, the AA exhibits a strong need for lending and CD opportunities in the LMI census tracts. Examiners gave slightly less weight to the Ohio Non-MSA AA as lending volumes were considerably less than the Columbus MSA AA. Examiners gave the Lima MSA AA third consideration, based on lending volumes, and the Toledo MSA AA the least weight.

SCOPE OF EVALUATION

General Information

This evaluation was performed based on Interagency Intermediate Small Institution Examination Procedures and covers the period from the previous evaluation dated March 2, 2020, to the current evaluation date of February 21, 2023. Banks must achieve at least a "Satisfactory" rating under both the Lending and CD Tests to obtain an overall "Satisfactory" rating or higher.

Activities Reviewed

Based on December 31, 2022, Call Report data, the bank's major product lines continue to be home mortgage and small business lending. Examiners considered the bank's business strategy, loan portfolio composition, and number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer lending represent a major product line; therefore, examiners did not analyze these products as they do not provide material support for conclusions or ratings.

Examiners considered all home mortgage loans reported on the bank's 2020 and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers; 2022 HMDA data was not yet

available at the time of this evaluation. In 2020, Union originated 2,753 home mortgage loans totaling \$685.0 million, and 1,920 home mortgage loans totaling \$493.3 million in 2021. Examiners analyzed and presented both 2020 and 2021 data under the Geographic Distribution and Borrower Profile criteria. Aggregate HMDA data and 2015 ACS data served as standards of comparison in analyzing home mortgage lending with examiners generally focusing on the comparison to aggregate data, as it is a better indicator of market demand and lending opportunities.

Examiners used bank records to analyze the universe of small business loans originated in 2021 and 2022. In 2021, Union originated 1,284 small business loans totaling \$105.7 million. In 2022, the bank originated 329 small business loans totaling \$73.3 million. D&B data for the corresponding years provided a standard of demographic comparison for small business lending.

For the Lending Test, examiners analyzed and presented both the number and dollar volume of home mortgage and small business loans. However, the examiners emphasized performance relative to the number of loans, as this is a better indicator of the number of individuals and small businesses served. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners only evaluate loans extended within the AAs.

For the CD Test, examiners considered all CD loans, qualified investments and donations, and CD services since the previous CRA evaluation.

OVERALL CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Union demonstrated reasonable performance under the Lending Test. Reasonable performance under the Geographic Distribution and Borrower Profile criteria primarily supports this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report data, averaged 71.5 percent over the past 12 calendar quarters, from March 31, 2020, to December 31, 2022. The ratio fluctuated during the evaluation period and ranged from a high of 84.4 percent on September 30, 2020, to a low of 62.2 percent on June 30, 2022. As shown in the following table, the bank's performance is consistent with similarly-situated institutions, which examiners selected based on size, geographic location, and loan portfolio distribution.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2022 (\$000s)	Average Net LTD Ratio (%)
The Union Bank Company	1,084,777	71.5
Similarly-Situated Institution #1	1,265,189	85.2
Similarly-Situated Institution #2	1,108,151	70.1
Similarly-Situated Institution #3	1,325,575	81.5
Similarly-Situated Institution #4	1,684,434	88.9
<i>Source: Reports of Condition and Income 3/31/2020-12/31/2022</i>		

Assessment Area Concentration

A majority of loans are in the institution's AAs. However, in 2021, the bank originated slightly more home mortgage loans outside of the AAs, which reflects the bank's strategy of expanding its home mortgage lending market through LPOs. As previously mentioned, the bank currently operates one LPO outside of its AA in Kenton County, Kentucky, and two LPOs within the AAs in Huron (Ohio Non-MSA AA) and Union Counties (Columbus MSA AA).

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	1,519	55.2	1,234	44.8	2,753	361,622	52.8	323,413	47.2	685,035
2021	954	49.7	966	50.3	1,920	241,740	49.0	251,600	51.0	493,340
Subtotal	2,473	52.9	2,200	47.1	4,673	603,362	51.2	575,013	48.8	1,178,375
Small Business										
2021	845	65.8	439	34.2	1,284	79,116	74.8	26,598	25.2	105,714
2022	266	80.9	63	19.1	329	56,564	77.1	16,766	22.9	73,330
Subtotal	1,111	68.9	502	31.1	1,613	135,680	75.8	43,364	24.2	179,044
Total	3,584	57.0	2,702	43.0	6,286	739,042	54.4	618,377	45.6	1,357,419
Source: Bank Data										
Due to rounding, totals may not equal 100.0%										

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the AAs. This is supported by reasonable performance within the Columbus MSA, Lima MSA, and Toledo MSA AAs; performance in the Non-MSA AA was poor but did not result in a poor rating overall. Examiners analyzed and presented this criterion separately for each AA in the subsequent sections of this evaluation.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. This is supported by reasonable performance in all AAs. Examiners analyzed and presented this criterion separately for each AA in the subsequent sections of this evaluation.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Union demonstrates adequate responsiveness to the CD needs of its AAs through CD loans, qualified investments and donations, and CD services considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AAs. Examiners compared Union's levels of activity to several intermediate small banks that operate in the same areas. The institution's overall performance is consistent with the conclusions for each AA.

Community Development Loans

Overall, Union originated 282 CD loans, totaling approximately \$71.5 million, inside the AAs during the evaluation period. Since the institution sufficiently met the credit needs of its AAs, examiners considered nine additional qualified CD loans, totaling approximately \$10.3 million, which benefited areas outside the AAs. CD loans that benefited the region and state included a \$5 million loan and a \$1.7 million loan for affordable housing developments.

CD lending activity represents 7.4 percent of total assets and 11.9 percent of total loans as of December 31, 2022. Union's level of CD lending compared favorably to that of similarly situated banks (SSBs), whose loans ranged from 0.2 to 3.3 percent of total assets and 0.3 to 4.3 percent of total loans. The majority of CD loans originated by Union were PPP loans. Many of the SSBs that examiners used to compare to the bank's performance did not include PPP lending activities in the evaluation period. A majority of Union's qualified CD loans (258 of 282, or 91.5 percent) in the AAs were PPP loans. The following table displays the bank's overall CD lending activity by AA and CD purpose.

Overall Community Development Lending by AA										
AA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Columbus MSA	11	24,577	-	-	-	-	123	12,648	134	37,226
Lima MSA	6	9,397	4	1,125	-	-	55	8,858	65	19,381
Ohio Non-MSA	2	184	-	-	-	-	66	13,275	68	13,459
Toledo MSA	1	707	-	-	-	-	14	733	15	1,440
TOTAL IN AAs	20	34,866	4	1,125	-	-	258	35,515	282	71,506
Statewide or Regional Lending	8	9,941	-	-	1	316	-	-	9	10,257
Total	28	44,806	4	1,125	1	316	258	35,515	291	81,762
<i>Source: Bank Data</i>										

Union continues to participate in the Federal Home Loan Bank of Cincinnati's Welcome Home Program. This program allows financial institutions to secure grants for down payment assistance and closing costs for the purchase of owner-occupied housing used as primary residences by LMI borrowers. Financial institutions can secure amounts up to \$5,000 per homebuyer based on need. Although financial institutions do not get CD credit for participating in this program, examiners recognize that the bank's participation in the program helps LMI individuals become homeowners. During the evaluation period, Union secured \$235,000 in grant money for 45 borrowers in its AAs.

Qualified Investments

Overall, Union made 82 qualified investments and donations, totaling approximately \$16.3 million, in its AAs. Examiners also considered four CD investments and donations, totaling approximately \$1.8 million, during the evaluation period outside the AAs. The dollar amount of qualified investments and donations equates to 1.6 percent of total assets and 6.5 percent of total investments as of December 31, 2022. A majority of the investments by dollar volume facilitated affordable housing within the AAs.

Union's performance exceeded SSBs compared to total assets and aligned to SSBs operating in the AAs when compared to total investments. The SSBs had CD investments ranging from 0.1 percent to 0.6 percent of total assets and 0.3 percent to 6.9 percent of total investments. Union's volume of qualified investments increased since the previous evaluation. The following table displays the bank's overall investment and donation activity by AA and CD purpose.

Overall Qualified Investments by AA										
AA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Columbus MSA	17	7,015	23	293	-	-	-	-	40	7,308
Lima MSA	8	5,003	12	12	-	-	-	-	20	5,015
Ohio Non MSA	11	4,006	6	10	-	-	-	-	17	4,016
Toledo MSA	3	3	2	2	-	-	-	-	5	5
TOTAL IN AAs	39	16,027	43	318	-	-	-	-	82	16,345
Statewide or Regional Lending	4	1,780	-	-	-	-	-	-	4	1,780
Total	43	17,807	43	318	-	-	-	-	86	18,125
<i>Source: Bank Data</i>										

Community Development Services

During the evaluation period, bank employees provided 39 instances of financial expertise or technical assistance to various CD-related organizations in the AAs. This level of activity is consistent with the previous CRA evaluation. In addition, Union's level of CD services is slightly below SSBs, whose CD services ranged from 41 instances to 117 instances. The following table illustrates the bank's overall CD service activity by AA and CD purpose.

Overall Community Development Services by Assessment Area					
AA	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
Columbus MSA	1	2	3	-	6
Lima MSA	1	16	1	-	18
Ohio Non-MSA	4	9	2	-	15
Toledo MSA	-	-	-	-	-
Total	6	27	6	-	39
<i>Source: Bank Data</i>					

COLUMBUS MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE COLUMBUS MSA ASSESSMENT AREA

The Columbus MSA AA consists of the entirety of Delaware, Fairfield, Franklin, Hocking, Licking, Madison, Morrow, Perry, Pickaway, and Union counties. All ten counties make up the Columbus, OH MSA.

Union operates three branches within this AA. According to both 2015 and 2020 U.S. Census data, all three are located in upper-income census tracts. The bank also operates a LPO in a middle-

income census tract in Marysville, Ohio located in Union County. All the branches offer a full range of products and services. During the evaluation period, the Columbus MSA AA originated 47.6 percent of bank's loans and 14.5 percent of the bank's deposits.

Economic and Demographic Data

Based on 2015 ACS data, the Columbus MSA AA consists of 433 census tracts with the following income designations: 66 low-income, 106 moderate-income, 141 middle-income, and 116 upper-income tracts. The AA also includes 4 census tracts without an income designation. Based on the 2020 U.S. Census data, the Columbus MSA AA consists of 516 census tracts with the following income designations: 62 low-income, 123 moderate-income, 175 middle-income, 147 upper-income, and 9 tracts with no income designation. The LMI tracts are primarily located throughout Franklin County. There are also several Enterprise Zones throughout this AA. The following table illustrates relevant demographic information for the AA during the evaluation period.

Demographic Information of the Assessment Area						
Assessment Area: Columbus OH MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts) 2021	433	15.2	24.5	32.6	26.8	0.9
Geographies (Census Tracts) 2022	516	12.0	23.8	33.9	28.6	1.7
Population by Geography	1,972,375	10.1	22.3	35.3	31.5	0.8
Housing Units by Geography	834,170	11.6	23.6	34.9	29.7	0.2
Owner-Occupied Units by Geography	465,470	5.2	18.7	38.0	38.1	0.0
Occupied Rental Units by Geography	291,050	17.9	30.2	31.6	19.9	0.4
Vacant Units by Geography	77,650	27.2	27.8	28.0	16.5	0.5
Businesses by Geography 2021	151,460	9.1	18.3	30.7	41.5	0.4
Business by Geography 2022	284,239	8.3	17.3	31.5	41.6	1.3
Farms by Geography	4,692	4.8	15.2	46.1	33.8	0.1
Family Distribution by Income Level	480,828	22.3	17.1	19.6	41.0	0.0
Household Distribution by Income Level	756,520	24.2	16.4	17.2	42.1	0.0
Median Family Income MSA - 18140 Columbus, OH MSA		\$70,454	Median Housing Value			\$160,150
			Median Gross Rent			\$839
			Families Below Poverty Level			10.5%
Source: 2015 ACS, 2020 U.S. Census, and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the 2015 ACS data, the AA contains 834,170 housing unit, of which 55.8 percent are owner-occupied, 34.9 percent are rental units, and 9.3 percent are vacant. The Geographic Distribution criterion compares the bank's home mortgage lending to the distribution of owner-occupied housing units in the AA.

Examiners used the FFIEC median family income estimates to analyze home mortgage lending under the Borrower Profile criterion. The following table outlines the ranges for the AA during the evaluation period.

Columbus MSA Median Family Income Ranges (18140)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Columbus, OH MSA Median Family Income (18140)				
2020 (\$84,600)	<\$42,300	\$42,300 to <\$67,680	\$67,680 to <\$101,520	≥\$101,520
2021 (\$83,900)	<\$41,950	\$41,950 to <\$67,120	\$67,120 to <\$100,680	≥\$100,680
<i>Source: FFIEC</i>				

The analysis of small business loans under the Geographic Distribution criterion compares the bank's small business lending to the distribution of the businesses in the AA. Borrower Profile compares the distribution of lending by the borrower's gross annual revenue (GAR). According to 2021 D&B data, there were 151,460 small businesses in the AA. Approximately 83.9 percent of businesses had GARs of \$1.0 million or less, 4.8 percent had GARs over \$1.0 million, and 11.3 percent had unknown revenues. Of these businesses, 87.5 percent operate from a single location, and 67.1 percent have four or fewer employees, indicating increased opportunity to lend to small businesses.

The services industry represents the largest portion of businesses at 43.5 percent, followed by Retail Trade at 12.4 percent and Finance, Insurance and Real Estate at 10.6 percent. Major employers in the AA include The Ohio State University, Ohio Health, Honda, and local government.

Examiners considered unemployment data when evaluating the bank's ability to lend within the AA. According to the U.S. Bureau of Labor Statistics, the AA unemployment level ranged from 5.2 percent in December 2020 to 3.1 percent in December 2022, which trended below both the state and national levels. The higher unemployment rates in 2020 were due to the COVID-19 Pandemic. The decreasing unemployment rate indicates a strong labor market in the AA.

Competition

There is a high level of competition for financial services in the Columbus MSA AA. According to the FDIC Deposit Market Share data as of June 30, 2022, 54 financial institutions operate 480 full-service offices in the AA. Of the 54 institutions, Union ranked 28th with 0.1 percent of the deposit market share. The top two institutions accounted for 62.8 percent of the deposit market share.

Aggregate HMDA data also identifies a significant level of competition for home mortgage loans within the AA. According to the 2020 Peer Mortgage Data and 2015 ACS data, 610 lenders originated or purchased 127,223 home mortgage loans, with the top three lenders accounting for 17.1 percent of the market share. Of the 610 lenders, Union ranked 37th with 0.7 percent of the market share. According to the 2021 Peer Mortgage Data and 2015 ACS data, 631 lenders originated and purchased 127,411 home mortgage loans, with the top three lenders accounting for 18.0 percent of the market share. Of the 631 lenders, Union ranked 55th with 0.4 percent of the market share.

There is also a high level of competition in this AA for small business loans. Although the CRA regulations do not require Union to report data about its small business lending, peer data is nonetheless useful in determining the level of competition for such loans. In 2021, 193 lenders subject to the CRA data collection requirements originated and purchased 46,939 small business loans throughout the AA. The top two lenders accounted for 34.7 percent of the market share. Peer data was not available for 2022 small business lending.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit and CD needs and opportunities, including the bank's responsiveness to those needs.

Examiners reviewed a recent community contact with a representative from a private, not-for-profit social services agency dedicated to providing emergency assistance to Delaware County residents. The organization offers a wide variety of emergency services such as daily food pantry, utility assistance, mortgage assistance, school programs and more. The contact stated that there is an affordable housing crisis in the area for both LMI housing and rental properties. In addition, the contact stated their organization has identified opportunities for small dollar lending.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage, specifically affordable housing efforts, represent the primary credit and CD needs of the AA. The contact specifically identified housing needs for homes selling for \$100,000 or less and cheaper rental costs. The contact also identified needs for small dollar lending to deter the use of more costly loan options.

SCOPE OF EVALUATION - COLUMBUS MSA ASSESSMENT AREA

Examiners provided greatest weight to Union's performance within the Columbus MSA AA, given the volume of loans extended within the area. Lending in the Columbus MSA significantly increased since the previous evaluation. Examiners conducted a full-scope review of the AA for both the Lending and CD Tests.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE COLUMBUS MSA ASSESSMENT AREA

LENDING TEST

Union demonstrated reasonable performance under the Lending Test in the Columbus MSA AA, supported by reasonable performance under both the Geographic Distribution and Borrower Profile criteria.

Geographic Distribution

The geographic distribution of both home mortgage and small business loans reflects reasonable dispersion throughout the AA. Examiners compared the bank's performance to demographic data and

aggregate performance, and focused on the percentage by number of loans originated in the LMI tracts. Examiners weighed home mortgage loans more heavily, as this is the bank's primary product.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. As shown in the following table, performance in the low-income census tracts trailed the aggregate and comparable demographic in 2020; however, performance increased in 2021 to align with aggregate and demographic data.

Union's performance in moderate-income census tracts trailed aggregate in both 2020 and 2021. As previously discussed, the Columbus MSA AA is highly competitive with 610 lenders competing for home mortgage loans, and there are limited opportunities to originate loans as 34.9 percent of the housing units are rentals and 9.3 are vacant. In addition, a community contact revealed the need for additional affordable housing in the AA. Considering the bank's competition and limitations due to high volume of rental and vacant units, examiners consider overall performance reasonable.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Columbus MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.2	3.8	22	2.5	8,647	3.5
2021	5.2	4.8	24	4.9	12,360	7.6
Moderate						
2020	18.7	13.7	66	7.6	13,995	5.7
2021	18.7	15.9	53	10.9	11,765	7.3
Middle						
2020	38.0	34.3	238	27.4	50,838	20.5
2021	38.0	34.5	140	28.7	40,010	24.7
Upper						
2020	38.1	48.1	543	62.5	174,034	70.3
2021	38.1	44.8	270	55.3	97,340	60.0
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	1	0.2	675	0.4
Totals						
2020	100.0	100.0	869	100.0	247,514	100.0
2021	100.0	100.0	488	100.0	162,150	100.0
Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Examiners focused on the comparison to the percent of businesses. Union's lending performance in the low-income census tracts trailed demographic data in 2021; however, in 2022, Union's performance in the low-income census tracts exceeded the demographic data. Union trailed demographic data in the moderate-income census tracts in 2021 and 2022; however, the bank increased lending levels for 2022.

As previously discussed, Union operates in a highly competitive environment with 54 institutions operating 480 full-service branches within the Columbus MSA AA. According to peer market data, in 2021, 193 lenders reported 46,939 business loans. This data reaffirms the high level of competition, and potentially limited opportunity to extend small business loans within the AA. In addition, the bank made 246 PPP loans in the Columbus MSA AA in 2021. Without considering these loans for 2021, the bank's percentage of lending, by number, for low-income census tracts would be 7.8 percent and for moderate-income census tracts would be 13.5 percent, which more closely aligns with the demographics. The following table illustrates the geographic distribution of small business loans throughout the AA.

Geographic Distribution of Small Business Loans					
Assessment Area: Columbus MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	9.1	4	1.3	2,310	9.2
2022	8.3	7	15.9	2,756	18.4
Moderate					
2021	18.3	7	2.3	1,881	7.5
2022	17.3	4	9.1	1,645	11.0
Middle					
2021	30.7	89	29.9	7,133	28.4
2022	31.5	9	20.5	3,477	23.2
Upper					
2021	41.5	197	66.1	13,760	54.8
2022	41.6	24	54.5	7,090	47.4
Not Available					
2021	0.4	1	0.4	17	0.1
2022	1.3	0	0.0	0	0.0
Totals					
2021	100.0	298	100.0	25,101	100.0
2022	100.0	44	100.0	14,968	100.0
<i>Source: 2021 and 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

Union's distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is reasonable. Union's lending performance to low-income borrowers trailed aggregate performance in 2020 and 2021. For moderate-income borrowers, the bank's performance in 2020 exceeded aggregate and aligned with demographic data. In 2021, Union's performance exceeded both aggregate and demographic data. Considering the bank's performance overall combined with the highly competitive market, performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Columbus MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	22.3	7.0	51	5.9	7,513	3.0
2021	22.3	7.2	28	5.7	4,350	2.7
Moderate						
2020	17.1	16.6	148	17.0	27,090	10.9
2021	17.1	18.2	110	22.5	21,110	13.0
Middle						
2020	19.6	20.8	198	22.8	46,953	19.0
2021	19.6	20.3	125	25.6	31,335	19.3
Upper						
2020	41.0	38.8	434	49.9	134,559	54.4
2021	41.0	37.6	198	40.6	60,270	37.2
Not Available						
2020	0.0	16.8	38	4.4	31,399	12.7
2021	0.0	16.6	27	5.5	45,085	27.8
Totals						
2020	100.0	100.0	869	100.0	247,514	100.0
2021	100.0	100.0	488	100.0	162,150	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. In 2021, the bank's performance exceeded the demographic data; however, the volume of small

business loans in 2021 was significantly higher due to the bank's PPP loan originations. In 2022, the bank's performance significantly trailed the demographic data.

According to 2021 D&B Business data, the majority of businesses operating in the Columbus MSA AA are very small. Businesses of that size often seek alternative lending solutions, such as credit cards, rather than traditional small business loans. Peer small business data from 2021 shows that the top four small business lenders in the Columbus MSA AA are credit card banks and traditional banks with a national footprint. Union only offers credit cards through a third party referral program; therefore, the bank's small business loan portfolio does not include these loans. Considering these factors, performance overall is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Columbus MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2021	83.9	258	86.6	15,221	60.6
2022	91.3	22	50.0	6,730	45.0
>\$1,000,000					
2021	4.8	34	11.4	8,543	34.0
2022	2.5	12	27.3	4,734	31.6
Revenue Not Available					
2021	11.3	6	2.0	1,337	5.4
2022	6.2	10	22.7	3,504	23.4
Totals					
2021	100.0	298	100.0	25,101	100.0
2022	100.0	44	100.0	14,968	100.0
<i>Source: 2021 and 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

Union demonstrated adequate responsiveness to the CD needs in the Columbus MSA AA through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

Union originated 134 CD loans totaling approximately \$37.2 million during the evaluation period inside the Columbus MSA AA. This level of CD lending is a large increase since the previous evaluation by number and dollar volume in the AA; however, the majority of qualified loans are PPP loans. The following table illustrates the bank's CD lending activity by year and purpose.

Community Development Lending – Columbus MSA Assessment Area										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
2020 (Partial)	5	4,652	-	-	-	-	66	8,215	71	12,867
2021	3	17,200	-	-	-	-	57	4,434	60	21,634
2022	3	2,725	-	-	-	-	-	-	3	2,725
2023 (YTD)	-	-	-	-	-	-	-	-	-	-
Total	11	24,577	-	-	-	-	123	12,648	134	37,226
<i>Source: Bank Data</i>										

The following are notable examples of the bank's CD loan activities:

- In 2020, the bank originated a \$1.2 million loan to purchase an apartment complex for affordable housing rental units in the AA.
- In 2021, Union originated a \$10.4 million loan to purchase a multi-family housing unit for LMI families.
- In 2020 and 2021, Union originated 123 PPP loans totaling approximately \$12.6 million to business in the AA. This helped revitalize and stabilize the area by ensuring jobs during the pandemic and increased commerce.

Qualified Investments

Union made 40 qualified investments and donations, totaling approximately \$7.3 million, in its Columbus MSA AA. This level of investments and donations, by number and dollar volume, is an increase since the previous evaluation in this AA. The following table illustrates the bank's CD investments by year and purpose.

Qualified Investments by Year – Columbus MSA Assessment Area										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	2	2,000	1	250	-	-	-	-	3	2,250
2020 (Partial)	1	1,000	-	-	-	-	-	-	1	1,000
2021	2	2,000	-	-	-	-	-	-	2	2,000
2022	2	2,000	-	-	-	-	-	-	2	2,000
2023 (YTD)	-	-	-	-	-	-	-	-	-	-
Subtotal	7	7,000	1	250	-	-	-	-	8	7,250
Grants & Donations	10	15	22	43	-	-	-	-	32	58
Total	17	7,015	23	293	-	-	-	-	40	7,308
<i>Source: Bank Data</i>										

The following are notable examples of the bank's qualified investment and donation activities:

- Throughout the evaluation period, Union donated approximately \$16,500 to food kitchens in the AA that provide food to LMI individuals.

- The bank maintains an investment of approximately \$7.0 million in Equity Funds that help finance new housing and remodel existing housing for LMI homeowners in the AA.

Community Development Services

During the evaluation period, Union employees provided six instances of financial expertise or technical assistance to CD-related organizations in this AA. This volume of services in the AA is comparable to the previous evaluation. The following table illustrates the number of services provided in this AA.

Community Development Services – Columbus MSA Assessment Area					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2020 (Partial)	1	1	1	-	3
2021	-	-	-	-	-
2022	-	1	2	-	3
2023 (YTD)	-	-	-	-	-
Total	1	2	3	-	6
<i>Source: Bank Data</i>					

Notable examples of the bank's CD services in the Columbus MSA AA include:

- In three instances, bank employees served on the Board of Directors for economic development organizations.
- In one instance, a bank employee taught a financial education class with emphasis on finance, budgeting, and credit to LMI students.

OHIO NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE OHIO NON-MSA ASSESSMENT AREA

Examiners conducted a full-scope review of Union's performance in the Non-MSA AA. This AA contains the entirety of Hancock, Marion, Paulding, and Putnam counties and portions of Huron, Sandusky, and Van Wert counties. During the evaluation period, the bank added Paulding County, the entirety of Hancock County, and two census tracts in Huron County to the Ohio Non-MSA AA.

The bank's main office and eight full-service branches are located in this AA. According to 2015 ACS data, four of the nine branches are located in upper-income census tracts, four are located in middle-income tracts, and one is located in a low-income census tract. Based on the 2020 U.S. Census data, three of the nine branches are located in an upper-income census tract, five are located in a middle-income tract, and one is located in a moderate-income tract. During the evaluation period, the bank closed a standalone drive-up branch, but relocated it to the main office, and opened a new branch in Paulding County.

Economic and Demographic Data

Based on 2015 ACS data, the Ohio Non-MSA AA consists of 47 census tracts with the following income designations: 3 low-income, 7 moderate-income, 19 middle-income, 17 upper-income, and 1 census tract with no income designation. According to the 2020 U.S. Census data, the AA included 50 census tracts containing 1 low-, 9 moderate-, 26 middle-, and 13 upper-income census tracts as well as 1 census tract with no income designation. The following table illustrates relevant demographic characteristics for the AA considered within the evaluation.

Demographic Information of the Assessment Area						
Assessment Area: OH Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts) 2021	47	6.4	14.9	40.4	36.2	2.1
Geographies (Census Tracts) 2022	50	2.0	18.0	52.0	26.0	2.0
Population by Geography	210,916	4.2	11.8	40.5	40.9	2.7
Housing Units by Geography	90,395	4.8	12.1	41.9	41.2	0.0
Owner-Occupied Units by Geography	59,557	2.8	8.8	42.5	45.9	0.0
Occupied Rental Units by Geography	22,878	7.9	19.4	40.3	32.4	0.0
Vacant Units by Geography	7,960	11.4	15.8	42.1	30.8	0.0
Businesses by Geography 2021	11,172	4.8	10.3	39.0	45.8	0.1
Businesses by Geography 2022	16,923	0.4	14.0	50.5	35.1	0.0
Farms by Geography	1,125	0.6	2.5	43.0	53.8	0.1
Family Distribution by Income Level	56,086	16.6	16.9	21.7	44.8	0.0
Household Distribution by Income Level	82,435	20.5	16.5	17.8	45.3	0.0
Median Family Income Non-MSAs – OH		\$55,785	Median Housing Value			\$115,128
			Median Gross Rent			\$671
			Families Below Poverty Level			9.7%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the 2015 ACS data, the AA contains 90,395 housing units, of which 65.9 percent are owner-occupied, 25.3 percent are rental units, and 8.8 percent are vacant

The following table outlines the median family income ranges for the AA during the evaluation period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Ohio Non-MSA Median Family Income				
2020 (\$63,400)	<\$31,700	\$31,700 to <\$50,720	\$50,720 to <\$76,080	≥\$76,080
2021 (\$64,700)	<\$32,350	\$32,350 to <\$51,760	\$51,760 to <\$77,640	≥\$77,640
Source: FFIEC				

According to 2021 D&B data, there were 11,172 non-farm small businesses in the AA. Approximately 76.9 percent of businesses had GARs of \$1.0 million or less, 6.4 percent had GARs over \$1.0 million, and 16.7 percent had unknown revenues. Of these businesses, 84.5 percent operate from a single location and 66.1 percent have four or fewer employees, indicating an increased opportunity to lend to small businesses.

The services industry represents the largest portion of businesses at 38.1 percent, followed by Retail Trade at 13.5 percent and Finance, Insurance and Real Estate at 8.2 percent. Major employers in the AA include local government and schools, Cooper Farms, and Lapham Hickey Steel.

Examiners considered unemployment data, when evaluating the bank's ability to lend within the AA. The following table illustrates unemployment levels for the AA by county, which demonstrates the labor market is strong in the AA. Data obtained from the U.S. Bureau of Labor Statistics, indicates unemployment rates decreased during the evaluation period, and unemployment rates trended slightly lower than state averages, except in Huron County, and lower than national averages except Sandusky and Huron Counties in 2022. The higher unemployment rates in 2020 were due to the COVID-19 Pandemic. The following table illustrates unemployment rates, by county, within the AA.

Ohio Non-MSA Employment Rates			
Area	2020	2021	2022
Hancock	4.5	2.7	2.7
Huron	7.5	4.9	5.5
Marion	5.4	3.3	3.4
Paulding	5.0	2.9	2.7
Putnam	3.8	2.5	2.8
Sandusky	5.6	3.5	4.0
Van Wert	4.3	2.7	2.7
State of Ohio	6.2	4.5	4.2
National	8.1	5.3	3.6
Source: Bureau of Labor Statistics			

Competition

Union operates in a competitive market with many competing institutions, including national banks and credit unions. According to the June 30, 2022, FDIC Deposit Market Share data, 30 financial institutions operate 110 branches within the AA. Of these institutions, Union ranks 5th with 6.7 percent of the deposit market share.

Aggregate HMDA data reveals a significant level of competition for home mortgage loans within the AA. According to the 2020 Peer Mortgage Data, 274 lenders originated or purchased 8,315 home mortgage loans, with the top three lenders holding 30.5 percent of the market share. Union ranked 5th with 4.7 percent of the market share. According to the 2021 Peer Mortgage Data, 281 lenders originated or purchased 8,080 home mortgage loans with the top three lenders holding 29.4 percent of the market share. Union ranked 8th with 3.4 percent of the market share.

There is a moderate level of competition in this AA for small business loans. Although the CRA regulations do not require Union to report data about its small business lending, peer data is nonetheless useful in determining the level of competition for such loans. According to 2021 Peer Small Business data, 86 lenders subject to the CRA data collection requirements originated and purchased 4,437 small business loans throughout the AA. The top two lenders accounted for 24.1 percent of the market share. The 2022 Peer Small Business data was not available.

Community Contacts

Examiners conducted an interview with a representative from a county planning commission located within the AA. The representative stated that the overall economic conditions were stable in the area, but there is a need and opportunity for affordable housing and home mortgage lending for LMI individuals. The contact thought that local financial institutions could enhance efforts to meet the needs of LMI individuals in the area.

Credit and Community Development Needs and Opportunities

Examiners determined that home mortgage loans to LMI borrowers represent a primary credit need in this AA. In addition, CD opportunities exist for financing projects that provide affordable housing and help revitalize and stabilize the community.

SCOPE OF EVALUATION – OHIO NON-MSA ASSESSMENT AREA

Examiners weighted the Ohio Non-MSA AA second, considering the volume of loans, deposits, and branches located within the area. While lending in the Ohio Non-MSA was less than the Columbus MSA, the majority of the bank's deposits and branches are located in the Ohio Non-MSA AA. Examiners conducted a full-scope review of the AA for both the Lending and CD Tests.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE OHIO NON-MSA ASSESSMENT AREA

LENDING TEST

Union demonstrated reasonable performance under the Lending Test in the Ohio Non-MSA AA. This rating is supported by reasonable performance under the Borrower Profile criteria. Geographic Distribution performance was poor driven by poor home mortgage lending performance, while small business lending was reasonable. As a result, performance overall is reasonable.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the AA. Although the bank's small business lending reflects reasonable dispersion, home mortgage lending reflects poor dispersion. As discussed previously, examiners weighted home mortgage loans the most heavily.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the AA. As shown in the following table, performance in low-income tracts slightly trailed aggregate performance in 2020 and 2021. Union's performance in moderate-income census tracts significantly trailed aggregate performance in 2020 and 2021.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Ohio Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.8	0.8	1	0.3	20	0.0
2021	2.8	1.5	1	0.4	55	0.1
Moderate						
2020	8.8	7.4	2	0.5	163	0.3
2021	8.8	8.8	9	3.2	845	1.9
Middle						
2020	42.5	37.4	92	23.4	13,501	20.8
2021	42.5	40.3	79	28.5	10,655	23.8
Upper						
2020	45.9	54.4	299	75.9	51,329	79.0
2021	45.9	49.4	188	67.9	33,160	74.2
Totals						
2020	100.0	100.0	394	100.0	65,013	100.0
2021	100.0	100.0	277	100.0	44,715	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. As shown in the following table, lending performance in the low-income census tracts was slightly below demographic data in 2021, but significantly exceeded demographic data in 2022. Lending performance in the moderate-income tracts trailed demographics in 2021 but again significantly exceeded demographics in 2022.

In 2021, the bank originated 201 PPP loans to small businesses within the Ohio Non-MSA AA. Without considering these loans, the bank's performance in LMI census tracts would increase to 3.1 percent 5.3, respectively, which more closely aligns to the demographics.

Geographic Distribution of Small Business Loans					
Assessment Area: Ohio Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	4.8	3	1.0	1,725	6.9
2022	0.4	14	18.4	2,772	18.6
Moderate					
2021	10.3	5	1.7	2,148	8.6
2022	14.0	26	34.2	5,026	33.7
Middle					
2021	39.0	118	40.0	8,871	35.6
2022	50.5	36	47.4	7,138	47.7
Upper					
2021	45.8	169	57.3	12,159	48.9
2022	35.1	0	0.0	0	0.0
NA					
2021	0.1	0	0.0	0	0.0
2022	0.0	0	0.0	0	0.0
Totals					
2021	100.0	295	100.0	24,903	100.0
2022	100.0	81	100.0	15,312	100.0
<i>Source: 2021 and 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

Union's distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable home mortgage and small business lending performance support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels reflects reasonable performance. Union's performance in lending to low-income borrowers slightly trailed aggregate performance for both 2020 and 2021; however, improved performance is noted for 2021. Union's performance to moderate-income borrowers exceeded aggregate performance and percent of families for both 2020 and 2021.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Ohio Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	16.6	5.5	15	3.8	1,482	2.3
2021	16.6	7.0	16	5.8	1,680	3.8
Moderate						
2020	16.7	17.9	77	19.5	8,585	13.2
2021	16.9	19.6	64	23.1	6,980	15.6
Middle						
2020	21.5	22.3	94	23.9	13,029	20.0
2021	21.7	23.0	93	33.6	13,325	29.8
Upper						
2020	45.1	41.7	198	50.3	40,099	61.7
2021	44.8	36.5	99	35.7	21,625	48.4
Not Available						
2020	0.0	12.7	10	2.5	1,816	2.8
2021	0.0	13.9	5	1.8	1,105	2.5
Totals						
2020	100.0	100.0	394	100.0	65,013	100.0
2021	100.0	100.0	277	100.0	44,715	100.0
Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. In 2021, the bank's performance exceeded the demographics. The volume of small business lending increased in 2021 due to the bank's participation in the PPP. Without considering PPP loans in 2021, the bank's penetration of loans to businesses with GARs of \$1.0 million or less trailed the demographics. The bank's performance in 2022 also trailed the demographic. However, according to 2022 D&B Business data, the majority of businesses operating in this AA are very small, as 84.5 percent operate from one location and 66.1 percent have four or fewer employees. Businesses of that size often seek alternative lending solutions rather than traditional small business loans, such as credit cards. Peer small business data from 2021 shows that the top five small business lenders represent 52.2 percent of the market share in the Ohio Non-MSA AA and are credit card banks and traditional banks with a national footprint. Although Union offers credit cards through a third party, it does not fund the cards; therefore, the credit cards do not appear in the bank's loan portfolio. Considering these factors, overall performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Ohio Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2021	76.9	252	85.4	13,482	54.1
2022	84.6	49	60.5	6,930	45.3
>\$1,000,000					
2021	6.4	34	11.5	8,350	33.5
2022	4.2	30	37.0	8,170	53.4
Revenue Not Available					
2021	16.7	9	3.1	3,071	12.4
2022	11.2	2	2.5	212	1.3
Totals					
2021	100.0	295	100.0	24,903	100.0
2022	100.0	81	100.0	15,312	100.0
Source: 2021 and 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

Union demonstrated adequate responsiveness to the CD needs in the Non-MSA AA through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

Union originated 68 CD loans totaling approximately \$13.5 million during the evaluation period. This level of CD lending is a significant increase since the previous evaluation in the AA; however, the majority of qualified loans are PPP loans. The following table illustrates the bank's CD lending activity by year and purpose.

Community Development Lending – Ohio Non-MSA Assessment Area										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
2020 (Partial)	1	15	-	-	-	-	49	12,147	50	12,162
2021	1	169	-	-	-	-	17	1,128	18	1,298
2022	-	-	-	-	-	-	-	-	-	-
2023 (YTD)	-	-	-	-	-	-	-	-	-	-
Total	2	184	-	-	-	-	66	13,275	68	13,459
Source: Bank Data										

The following are notable examples of the bank's CD loan activities:

- In 2021, the bank originated a \$169,200 loan to purchase two mobile home parks for affordable housing.
- In 2020 and 2021, Union originated 66 PPP loans totaling approximately \$13.3 million to businesses in the AA. This helped revitalize and stabilize the area by ensuring jobs remain during the pandemic and increasing commerce.

Qualified Investments

Union made 17 qualified investments and donations, totaling approximately \$4.0 million, in its Ohio Non-MSA AA during the evaluation period. This performance is comparable to the previous evaluation in the AA. The following table illustrates the bank's CD investments by year and purpose.

Qualified Investments by Year – Ohio Non-MSA Assessment Area										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	1	1,000	-	-	-	-	-	-	1	1,000
2020 (Partial)	-	-	-	-	-	-	-	-	-	-
2021	1	1,000	-	-	-	-	-	-	1	1,000
2022	2	2,000	-	-	-	-	-	-	2	2,000
2023 (YTD)	-	-	-	-	-	-	-	-		
Subtotal	4	4,000	-	-	-	-	-	-	4	4,000
Grants & Donations	7	6	6	10	-	-	-	-	13	16
Total	11	4,006	6	10	-	-	-	-	17	4,016
<i>Source: Bank Data</i>										

The following are notable examples of the bank's qualified investment activities:

- Throughout the evaluation period, Union donated approximately \$2,000 to two domestic violence shelters in the AA to provide shelter and support to LMI individuals.
- The bank maintains an investment of approximately \$4.0 million in Equity Funds that help finance new housing and remodel existing housing for LMI homeowners in the AA.

Community Development Services

During the evaluation period, Union employees provided 15 instances of financial expertise or technical assistance to CD-related organizations in the Non-MSA AA. This volume of services in the AA is comparable to the previous evaluation. The following table illustrates the number of services provided in this AA.

Community Development Services – Ohio Non-MSA Assessment Area					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2020 (Partial)	-	2	-	-	2
2021	2	3	1	-	6
2022	2	4	1	-	7
2023 (YTD)	-	-	-	-	-
Total	4	9	2	-	15
<i>Source: Bank Data</i>					

Notable examples of the bank’s CD services in the Non-MSA AA include:

- Bank employees served on the Board of Directors for nine organizations dedicated to providing community services to LMI families.
- Four bank employees served on the Board of Directors for separate organizations where the primary purpose of the organization is affordable housing for LMI individuals.

LIMA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LIMA MSA ASSESSMENT AREA

The Lima MSA AA consists of the entirety of Allen County, which makes up the entire Lima, OH MSA. Union operates four branches within this AA. According to the 2015 ACS data, one branch is located in a moderate-income census tract and three are located in upper-income census tracts. Based on the 2020 U.S. Census data, one branch is located in a low-income census tract, two are located in middle-income census tracts, and one is located in an upper-income census tract.

Economic and Demographic Data

Based on 2015 ACS data, the Lima MSA AA consists of 33 census tracts with the following income designations: 4 low-income, 8 moderate-income, 14 middle-income, and 7 upper-income tracts.

Based on the 2020 U.S. Census data, the Lima MSA AA consists of 35 census tracts with the following income designations: 5 low-income, 9 moderate-income, 14 middle-income, and 7 upper-income census tracts. The following table illustrates relevant demographic information about the AA during the evaluation period.

Demographic Information of the Assessment Area						
Assessment Area: Lima MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts) 2021	33	12.1	24.2	42.4	21.2	0.0
Geographies (Census Tracts) 2022	35	14.3	25.7	40.0	20.0	0.0
Population by Geography	105,196	6.7	18.5	47.6	27.2	0.0
Housing Units by Geography	44,859	7.5	20.1	46.5	25.9	0.0
Owner-Occupied Units by Geography	26,883	2.7	12.8	52.7	31.9	0.0
Occupied Rental Units by Geography	13,103	13.9	29.8	38.2	18.1	0.0
Vacant Units by Geography	4,873	17.2	33.9	34.6	14.4	0.0
Businesses by Geography 2021	6,235	4.7	19.4	44.0	31.9	0.0
Business by Geography 2022	9,192	7.5	26.2	41.4	24.9	0.0
Farms by Geography	316	0.6	5.4	74.4	19.6	0.0
Family Distribution by Income Level	26,203	21.7	17.0	21.6	39.7	0.0
Household Distribution by Income Level	39,986	24.7	15.9	16.9	42.5	0.0
Median Family Income MSA - 30620 Lima, OH MSA		\$56,195	Median Housing Value			\$99,008
			Median Gross Rent			\$647
			Families Below Poverty Level			12.7%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2015 ACS data, in 2021, the AA contains 44,859 units, of which only 59.9 percent are owner-occupied, while 29.2 percent are rental units and 10.9 percent are vacant, indicating potentially constrained opportunity to originate owner-occupied home mortgage loans.

The following table outlines the median family income ranges for the AA during the evaluation period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lima, OH MSA Median Family Income (30620)				
2020 (\$67,100)	<\$33,550	\$33,550 to <\$53,680	\$53,680 to <\$80,520	≥\$80,520
2021 (\$64,000)	<\$32,000	\$32,000 to <\$51,200	\$51,200 to <\$76,800	≥\$76,800
<i>Source: FFIEC</i>				

According to 2021 D&B data, there were 6,235 non-farm small businesses in the AA, demonstrating small business lending opportunities. Approximately 76.4 percent of businesses had

GARs of \$1.0 million or less, 6.8 percent had GARs over \$1.0 million, and 16.8 percent had unknown revenues. Of these businesses, 82.3 percent operate from a single location, and 62.5 percent have four or fewer employees, indicating the increased opportunity to lend to small businesses.

The services industry represents the largest portion of businesses at 40.6 percent, followed by Retail Trade at 15.9 percent and Finance, Insurance and Real Estate at 9.4 percent. Major employers in the AA include St. Rita's Medical Center, Ford Motor Company, and Lima Building Trades Council.

Examiners considered unemployment data when evaluating the bank's ability to lend in the AA. Data obtained from the U.S. Bureau of Labor Statistic indicate unemployment decreased during the evaluation period from 5.8 percent at year-end in 2020 to 3.7 percent at year-end in 2022. Unemployment rates trended similarly with state and national averages, indicating a strong labor market within the AA.

Competition

Union operates in a moderately competitive market given the size of the AA with competing institutions including national banks, credit unions, as well as non-traditional financial service providers such as finance companies. As of June 30, 2022, 11 financial institutions operated 29 full-service branches within the AA. Of these institutions, Union ranked 5th with a 10.7 percent deposit market share.

Given the size of the AA, there is a high level of competition for home mortgage loans. In 2020, 160 lenders originated or purchased 4,124 home mortgage loans in the AA. The top two lenders originated 45.7 percent of those loans, indicating a highly concentrated market. Union ranked 3rd with a 5.3 percent market share. In 2021, 163 lenders originated or purchased 3,793 home mortgage loans in the AA. The top three lenders originated 40.9 percent of those loans, indicating a continued highly concentrated market. Union ranked 6th with a 4.5 percent market share.

There is also a high level of competition in this AA for small business loans. According to 2021 Peer Small Business data, 52 lenders subject to the CRA data collection requirements originated and purchased 1,326 small business loans throughout the AA. The top three lenders accounted for 42.2 percent of the market share. The 2022 Peer Small Business data was not available.

Community Contact

Examiners conducted a community contact with a representative of a local community action agency that provides financial assistance to LMI families. The representative stated that due to increasing housing and rent prices, there is a need for additional affordable housing in the area. LMI homeowners also need assistance in obtaining funds for home repairs and paying homeowners insurance policies. The representative thought more financial institutions should participate in the Welcome Home program.

Credit and Community Development Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined home mortgage loans, specifically affordable housing efforts,

represent the primary credit and CD needs of the AA. The contact specifically identified the Welcome Home program and the need for home improvement lending.

SCOPE OF EVALUATION – LIMA MSA ASSESSMENT AREA

Examiners weighted the Lima MSA AA third, considering the volume of loans, deposits, and branches located within the area. While four of the bank's branches are located in the Lima MSA, lending in the AA was significantly less than in the Columbus MSA or Ohio Non-MSA. Examiners conducted a full-scope review of the AA for both the Lending and CD Tests.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMA MSA ASSESSMENT AREA

LENDING TEST

Union demonstrated reasonable performance under the Lending Test in the Lima MSA AA, supported by reasonable performance under both the Geographic Distribution and Borrower Profile criteria.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. Home mortgage lending performance was reasonable and carried the most weight in arriving at overall conclusions, as it is the bank's major product line. Small business loan distribution is poor.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA. As shown in the following table, performance in the low-income census tracts aligned with aggregate in 2020; however, Union did not originate any home mortgage loans in the low-income census tracts in 2021. As previously discussed, the AA is highly competitive with 163 lenders competing for loans in 5 low-income census tracts. The demographic and aggregate data for both 2020 and 2021 indicate that lending opportunities in the low-income census tracts were limited. Given the competition and limited lending opportunities, examiners consider lending in the low-income tracts reasonable.

Union's performance in the moderate-income tracts was slightly less than the aggregate performance in 2020 but improved to outperform aggregate in 2021, indicating reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Lima MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.7	1.1	2	0.9	1,285	3.0
2021	2.7	1.6	0	0.0	0	0.0
Moderate						
2020	12.8	7.1	14	6.4	6,650	15.5
2021	12.8	9.5	18	10.7	1,560	5.1
Middle						
2020	52.7	51.2	103	47.2	15,578	36.4
2021	52.7	49.5	70	41.4	10,270	33.3
Upper						
2020	31.9	40.7	99	45.4	19,319	45.1
2021	31.9	39.3	81	47.9	19,055	61.7
Totals						
2020	100.0	100.0	218	100.0	42,832	100.0
2021	100.0	100.0	169	100.0	30,885	100.0
Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the AA. In 2021, the bank's lending performance in low-income geographies trails demographic data. In 2022, performance in the low-income geographies improved but still trailed demographic data. Performance in the moderate-income geographies significantly trailed demographic data for both 2021 and 2022.

Geographic Distribution of Small Business Loans					
Assessment Area: Lima MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	4.7	5	2.4	1,750	6.6
2022	7.5	6	5.1	1,107	4.8
Moderate					
2021	19.4	16	7.8	5,012	19.0
2022	26.2	23	19.5	6,333	27.5
Middle					
2021	44.0	112	54.4	10,262	39.0
2022	41.4	61	51.7	10,402	45.2
Upper					
2021	31.9	73	35.4	9,316	35.4
2022	24.9	28	23.7	5,174	22.5
Totals					
2021	100.0	206	100.0	26,340	100.0
2022	100.0	118	100.0	23,016	100.0
Source: 2021 and 2022 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

Borrower Profile

Union's distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes, as supported by consistent reasonable performance in both products reviewed.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is reasonable. Union's lending to low-income borrowers slightly trailed aggregate performance for both 2020 and 2021.

Union's lending to moderate-income borrowers slightly trailed the aggregate for both 2020 and 2021 but exceeded demographic data for both years. The following table illustrates the distribution of home mortgage loans by borrower income level throughout the AA. Combined with competition for home mortgage loans in the AA, performance overall is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Lima MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	21.7	8.3	12	5.5	1,023	2.4
2021	21.7	7.5	9	5.3	785	2.5
Moderate						
2020	17.0	20.7	38	17.4	3,957	9.2
2021	17.0	20.8	32	18.9	3,690	11.9
Middle						
2020	21.6	24.0	55	25.2	8,445	19.7
2021	21.6	22.9	42	24.9	5,750	18.6
Upper						
2020	39.7	36.3	93	42.7	20,308	47.4
2021	39.7	33.5	62	36.7	14,460	46.8
Not Available						
2020	0.0	10.6	20	9.2	9,100	21.2
2021	0.0	15.2	24	14.2	6,200	20.1
Totals						
2020	100.0	100.0	218	100.0	42,832	100.0
2021	100.0	100.0	169	100.0	30,885	100.0
Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. In 2021, Union's lending to businesses with GARs of \$1.0 million or less aligned with the number of businesses in the AA with GARs of \$1.0 million or less. In 2022, the bank's performance trailed the demographic.

As previously discussed, this AA is highly competitive for small business loans. The majority of businesses operating in this AA are very small. Businesses of that size often seek alternative lending solutions rather than traditional small business loans, such as credit cards. Peer small business data from 2021 shows that the top five small business lenders in the Lima MSA AA are credit card banks and traditional banks with a national footprint. As noted previously, Union offers credit cards through a third party vendor and does not fund credit card. The following table illustrates the distribution of small business loans by GAR level throughout the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Lima MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2021	76.4	156	75.7	12,156	46.2
2022	83.8	75	63.6	12,210	53.1
>\$1,000,000					
2021	6.8	44	21.4	12,319	46.8
2022	4.6	42	35.6	10,727	46.6
Revenue Not Available					
2021	16.9	6	2.9	1,865	7.0
2022	11.6	1	0.8	79	0.3
Totals					
2021	100.0	206	100.0	26,340	100.0
2022	100.0	118	100.0	23,016	100.0
Source: 2021 and 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

Union demonstrated adequate responsiveness to the CD needs in the Lima MSA AA through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

Union originated 65 CD loans totaling approximately \$19.4 million during the evaluation period. This level of CD lending in the AA is a significant increase since the previous evaluation by number and dollar volume; however, the majority of qualified loans are PPP loans. The following table illustrates the bank's CD lending activity by year and purpose.

Community Development Lending – Lima MSA Assessment Area										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
2020 (Partial)	1	4,985	1	1,025	-	-	33	6,985	35	12,995
2021	4	3,412	-	-	-	-	22	1,873	26	5,285
2022	1	1,000	3	100	-	-	-	-	4	1,100
2023 (YTD)	-	-	-	-	-	-	-	-	-	-
Total	6	9,397	4	1,125	-	-	55	8,858	65	19,381
Source: Bank Data										

The following are notable examples of the bank's CD loan activities:

- In 2020, the bank originated a \$5.0 million loan to purchase a multifamily affordable housing property. This loan expanded access to affordable housing options.
- In 2022, Union originated three vehicle loans through an organization serving LMI individuals.
- In 2020 and 221, Union originated 55 PPP loans totaling approximately \$8.9 million to businesses in the AA. This helped revitalize and stabilize the area by creating jobs and increasing commerce.

Qualified Investments

Union made 20 qualified investments and donations, totaling approximately \$5.0 million, in its Lima MSA AA. This level of investments is an increase since the previous evaluation, and the volume of donations is comparable to the previous evaluation in the AA. The following table illustrates the bank's CD investments by year and purpose.

Qualified Investments by Year – Lima MSA Assessment Area										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	1	1,000	-	-	-	-	-	-	1	1,000
2020 (Partial)	1	1,000	-	-	-	-	-	-	1	1,000
2021	2	2,000	-	-	-	-	-	-	2	2,000
2022	1	1,000	-	-	-	-	-	-	1	1,000
2023 (YTD)	-	-	-	-	-	-	-	-	-	-
Subtotal	5	5,000	-	-	-	-	-	-	5	5,000
Grants & Donations	3	3	12	12	-	-	-	-	15	15
Total	8	5,003	12	12	-	-	-	-	20	5,015
<i>Source: Bank Data</i>										

The following are notable examples of the bank's qualified investment activities:

- Union donated approximately \$7,250 to emergency shelters and food kitchens to benefit LMI individuals.
- The bank maintains an investment of approximately \$5.0 million in Equity Funds that help finance new housing and remodel existing housing for LMI homeowners in the AA.

Community Development Services

During the evaluation period, Union employees provided 18 instances of financial expertise or technical assistance to CD-related organizations in the Lima MSA AA. This level of activity is comparable to the previous evaluation. The following table illustrates the number of services provided in this AA.

Community Development Services – Lima MSA Assessment Area					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2020 (Partial)	-	4	-	-	4
2021	-	4	-	-	4
2022	1	8	1	-	10
2023 (YTD)	-	-	-	-	-
Total	1	16	1	-	18
<i>Source: Bank Data</i>					

Notable examples of the bank's CD services in the Lima MSA AA include:

- In 15 instances, bank employees served on the Board of Directors for separate organizations where the primary purpose of the organization is providing community services to LMI individuals.

TOLEDO MSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE TOLEDO MSA ASSESSMENT AREA

Union operates two full-service branches and one limited-service location in the Toledo MSA AA. The limited-service location is in a senior living facility where bank employees travel once per week to cash and deposit checks and provide other banking services as needed for the residents of the facility. The bank has not opened or closed any branches in the AA since the previous evaluation. This AA accounts for 3.5 percent of total loans, 10.2 percent of total deposits, and 15.8 percent of the bank's branches. The following table shows demographic information for the AA during the evaluation period.

Demographic Information of the Assessment Area						
Assessment Area: Toledo MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts) 2021	9	11.1	22.2	22.2	33.3	11.1
Geographies (Census Tracts) 2022	10	10.0	20.0	50.0	10.0	10.0
Population by Geography	43,361	13.4	19.3	18.2	36.1	13.0
Housing Units by Geography	17,174	15.3	27.4	18.5	38.3	0.6
Owner-Occupied Units by Geography	8,060	3.3	10.2	30.4	56.1	0.0
Occupied Rental Units by Geography	7,535	27.5	44.2	7.5	19.8	1.0
Vacant Units by Geography	1,579	17.6	34.5	10.6	35.2	2.1
Businesses by Geography 2021	2,249	9.5	23.2	14.8	51.1	1.4
Businesses by Geography 2022	3,393	8.5	18.1	55.3	15.2	2.9
Farms by Geography	117	2.6	1.7	44.4	51.3	0.0
Family Distribution by Income Level	7,950	19.5	13.5	21.7	45.3	0.0
Household Distribution by Income Level	15,595	30.0	14.7	14.7	40.6	0.0
Median Family Income MSA - 45780 Toledo, OH MSA		\$60,742	Median Housing Value			\$147,222
			Median Gross Rent			\$682
			Families Below Poverty Level			10.7%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE TOLEDO MSA ASSESSMENT AREA

LENDING TEST

Union's Lending Test performance in the Toledo MSA AA is consistent with the bank's lending performance overall. Tables illustrating the bank's Geographic Distribution and Borrower Profile performances for this AA are included in Appendix B.

COMMUNITY DEVELOPMENT TEST

Union's CD performance in the Toledo MSA AA is below the bank's CD performance overall; however, it does not change the institution's rating. Union's CD lending, qualified investments, and CD services are displayed in the overall CD Test tables.

APPENDICES

APPENDIX A: INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, CD loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The CD Test considers the following criteria:

- 1) The number and amount of CD loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides CD services; and
- 4) The bank's responsiveness through such activities to CD lending, investment, and service needs.

APPENDIX B: TOLEDO MSA ASSESSMENT AREA LENDING PERFORMANCE TABLES

Geographic Distribution

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Toledo MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	3.3	2.3	0	0.0	0	0.0
2021	3.3	2.6	0	0.0	0	0.0
Moderate						
2020	10.2	10.0	5	13.2	1,532	24.5
2021	10.2	12.6	2	10.0	840	21.1
Middle						
2020	30.4	24.1	18	47.4	2,715	43.3
2021	30.4	25.5	10	50.0	1,560	39.1
Upper						
2020	56.1	63.5	15	39.5	2,016	32.2
2021	56.1	59.3	8	40.0	1,590	39.9
Totals						
2020	100.0	100.0	38	100.0	6,263	100.0
2021	100.0	100.0	20	100.0	3,990	100.0
Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Geographic Distribution of Small Business Loans					
Assessment Area: Toledo MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	9.5	1	2.2	25	0.9
2022	8.5	0	0.0	0	0.0
Moderate					
2021	23.2	1	2.2	25	0.9
2022	18.1	4	17.4	690	21.1
Middle					
2021	14.8	24	52.2	1,609	58.0
2022	55.3	18	78.3	2,558	78.3
Upper					
2021	51.1	20	43.4	1,113	40.2
2022	15.2	1	4.3	20	0.6
Not Available					
2021	1.4	0	0.0	0	0.0
2022	2.9	0	0.0	0	0.0
Totals					
2021	100.0	46	100.0	2,772	100.0
2022	100.0	23	100.0	3,268	100.0
Source: 2021 and 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Borrower Profile

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Toledo MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	19.5	4.4	0	0.0	0	0.0
2021	19.5	4.5	1	5.0	155	3.9
Moderate						
2020	13.5	15.7	6	15.8	632	10.1
2021	13.5	17.6	3	15.0	415	10.4
Middle						
2020	21.7	25.2	13	34.2	1,694	27.0
2021	21.7	24.1	5	25.0	785	19.7
Upper						
2020	45.3	45.7	19	50.0	3,938	62.9
2021	45.3	43.1	9	45.0	1,735	43.5
Not Available						
2020	0.0	9.0	0	0.0	0	0.0
2021	0.0	10.7	2	10.0	900	22.6
Totals						
2020	100.0	100.0	38	100.0	6,263	100.0
2021	100.0	100.0	20	100.0	3,990	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Toledo MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2021	74.5	39	84.8	1,530	55.2
2022	82.8	14	60.9	1,364	41.7
>\$1,000,000					
2021	6.0	6	13.0	1,234	44.5
2022	3.9	7	30.4	1,375	42.1
Revenue Not Available					
2021	19.4	1	2.2	8	0.3
2022	13.4	2	8.7	529	16.2
Totals					
2021	100.0	46	100.0	2,772	100.0
2022	100.0	23	100.0	3,268	100.0
Source: 2021 and 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.